

## **Income Tax Information Bulletin #13**

**October 1997**

(Replaces bulletin #13 dated April 1984)

**Disclaimer:** Information Bulletins are intended to provide non-technical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

**Subject:** WITHHOLDING OF ADJUSTED GROSS INCOME TAX ON  
RETIREMENT PAY

**Reference:** IC 6-3-4-15.7

### **Introduction**

Indiana law requires the withholding of adjusted gross income tax from a pension distribution if the payee requests withholding.

#### **I. Election To Have Withholding On A Pension Payment**

The payer of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan paid to a resident of the State of Indiana is required to withhold Indiana adjusted gross income tax if the payee requests withholding.

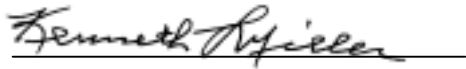
A payee shall request in writing for state tax to be withheld from their payment. The request must be dated, signed by the payee, and specify the flat whole dollar amount to be withheld from each payment. The request must also specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number where the request applies. The request shall remain in effect until the payer receives a written request from the payee to change or revoke the authorization for withholding.

#### **II. Amount To Be Withheld**

The payer is not required to withhold state income tax from a payment if the amount to be withheld is less than ten dollars (\$10.00), or if the amount to be withheld would reduce the payment to less than ten dollars (\$10.00).

### **III. Requirements Of The Withholder**

The withholding agent is responsible for custody of withheld funds, for reporting withheld funds to the State and to the payee, and for remitting withheld funds to the State in the same manner as is done for wage withholding under IC 6-3-4-8.

A handwritten signature in cursive script, reading "Kenneth L. Miller", is written over a horizontal line.

Kenneth L. Miller  
Commissioner